

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2014-302-E**

In re:	)
	)
	)
Sheryl McNinch,	)
Complainant,	)
	)
v.	)
	)
Duke Energy Carolinas, LLC,	)
Respondent.	)
	)

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**DIRECT TESTIMONY OF**  
**BARBARA G. YARBROUGH**  
**ON BEHALF OF DUKE ENERGY CAROLINAS, LLC**

**Q. PLEASE STATE YOUR NAME, ADDRESS, AND POSITION WITH DUKE ENERGY CAROLINAS, LLC.**

**A.** My name is Barbara G. Yarbrough. My business address is 550 S. Tryon Street, Charlotte, North Carolina. I am Regulatory Affairs Manager for Duke Energy Carolinas, LLC (referred to hereinafter as “Duke Energy Carolinas” or the “Company”). I have responsibility for assisting in the development, implementation, and proper administration of the Company’s rate schedules and service regulations, as well as administering the Public Service Commission of South Carolina’s (the “Commission”) Rules and Regulations. I also am responsible for responding to customer inquiries, including those directed to the South Carolina Office of Regulatory Staff (“ORS”).

**Q. PLEASE STATE BRIEFLY YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.**

**A.** I am a graduate of the University of North Carolina at Greensboro. I joined Duke Power Company (now known as Duke Energy Carolinas) in 1974, and since 1979 I have held several positions in the Company’s Rates and Regulatory Affairs Department. I have testified before the Public Service Commission of South Carolina (“PSCSC”) and the North Carolina Utilities Commission (the “NCUC”) in complaint and other proceedings.

**Q. ARE YOU FAMILIAR WITH THE COMPLAINT OF SHERYL MCNINCH?**

**A.** Yes. I have investigated Ms. McNinch’s complaint which has also been investigated by the South Carolina Office of Regulatory Staff (“ORS”).

**Q. WHAT IS THE NATURE OF SHERYL MCNINCH’S COMPLAINT?**

**A.** Ms. McNinch claims she should not be responsible for the cost of electric usage at her residence because she alleges she did not agree to be set up on the Company's Equalized Payment Plan. The Company disagrees.

**Q. PLEASE EXPLAIN THE RESULTS OF YOUR INVESTIGATION?**

**A.** The Company's records show that Sheryl McNinch applied for service at 111 Church Street, Chester, South Carolina on April 19, 2013. Ms. McNinch moved from 938 Sunshine Lane where she had been a customer since 2007. During the service application process, our customer service representatives offer applicants choices related to service, such as, a different mailing address, bank draft, participation in the Power Manager Program or the Company's Equalized Payment Plan ("EPP"). EPP allows the customer to manage monthly fluctuations in the bill. Representatives explain that EPP is a free service, that we calculate an EPP amount based on previous usage at the location, that customers pay the EPP amount for 11 months and that the 12<sup>th</sup> month is a settle up month. The customer can accept or decline the program. Representatives provide a summary of the customer's requests before ending service application calls. For example, customers who accept EPP are informed that the plan may not start until the second month's bill since the initial billing period may be shorter than normal. The Company's records indicate Ms. McNinch was offered the EPP and the plan was accepted. Recorded calls are generally kept for 12 months, so there is no recording of this call.

**Q. HOW WAS THE MONTHLY AMOUNT DETERMINED?**

**A.** The Company used the actual usage history at 111 Church Street to determine a monthly EPP of \$121.00 per month. Although representatives explain EPP during the telephone

application, the Company sends all new customers a customer handbook which also explains EPP. A copy of the handbook is attached as Yarbrough Exhibit 1; information on EPP appears on page 6. Information on EPP is also available on the Company's website. The Company rendered an initial bill to Ms. McNinch on May 9, 2013, for 18 days of service, and then EPP began on the first full month's bill dated June 11, 2013. A copy of this bill is shown in Yarbrough Confidential Exhibit 2. The bill shows the actual amount of electricity used, the EPP amount, and a statement that "Thru Month 01, you have used more than your EPP billing." After the first bill, the difference was only \$8.33 and the amount was shown as a debit. The Company continued to render bills in this fashion to the customer, and each month, the bill showed the actual kilowatt hours used, the amount for the actual usage, and it showed that the amount the customer had used in excess of the amount billed was increasing. The Company reviewed the account after six months (November 2013), and the difference was \$381.47. A copy of the November 13, 2013, bill is shown in Yarbrough Confidential Exhibit 3. The account was reviewed again after 9 months and the difference, with only a few months remaining, was \$1173.16. The winter bills were several times higher than the Company had seen from this residence over a number of years, averaging \$385 per month during December 2013, January 2014, and February 2014 as compared to an average of \$76 per month during the same period the previous year. After the February 2014 bill, the Company increased the EPP amount to \$199.00 to reflect more accurately Ms. McNinch's actual usage. Yarbrough Confidential Exhibit 4 is a facsimile of the form letter sent to Ms. McNinch reiterating the EPP balance that was shown on her bill and notifying her of the increase in the monthly amount.

**Q. DO THE COMPANY'S RECORDS INDICATE ANY CONTACT FROM MS. MCNINCH QUESTIONING THE EQUALIZED PAYMENT PLAN, THE INCREASING DEFERRED BALANCE, OR THE CHANGE IN THE EPP AMOUNT?**

A. There was no contact after the EPP settle up bill was issued on May 9, 2014, which showed the settle up amount was \$1288.70, current charges of \$132.62, and a past due balance of \$208.83, for a total of \$1625.15. It was not until June 16, 2014, a few days after issuance of the June 11, 2014, bill that the Company's records show contact from the customer. I have reviewed the recording of this call during which Ms. McNinch indicated that she had a bill for "one thousand seven hundred and something dollars." She stated "what I want to know is -- is there a way possible I can avoid disconnect and set up payments on this, but I want to be taken off of this program -- I just want to pay the full amount due every month." At no time during this call did Ms. McNinch ever question or dispute that the account was on EPP or the amount owed. She was concerned about making arrangements because she has some medical issues and did not want to be without power. During this call, Ms. McNinch indicated she understood there was an amount she owed at the end of the year. When the representative informed her of the past due balance, Ms. McNinch acknowledged the amount "was what I owe after the end of the year" and said "I would just rather go ahead and get taken off that -- I only want to pay what is due every month -- I don't want this to happen again." The representative confirmed that she wanted to come off EPP and Ms. McNinch said "this one I do, because I don't want this big balance to hit me at the end of the year again" -- "let me

try it the other way.” She asked the representative for a recommendation and he indicated he could make her a payment arrangement if she came off EPP.

Ms. McNinch said she wanted to “pay the regular amount every month so it won’t keep building up – that’s what I want to do.” Based on my review of the call, Ms. McNinch understood the settle up under the EPP program; her concern during this call was how to pay off the amount due while maintaining service. The recording shows Ms. McNinch declined the deferred payment plan the representative initially offered due to the large down payment that would have been required. The representative requested a down payment of \$781.73 but after further review, he offered her a down payment of \$400 with monthly installments. The call recording shows Ms. McNinch said, “I think I can work with that,” but then she said she could have trouble coming up with the \$400. The representative then suggested Ms. McNinch contact agencies to assist before payment would be due to avoid disconnection (several weeks later; by July 7, 2014) and he provided her contact information for several agencies.

The Company’s records show that the next contact from Ms. McNinch was on July 2, 2014, after the Company issued a notice of disconnection. The records indicate Ms. McNinch gave permission to speak to her husband and that the representative offered a payment plan which was declined. It was during this call that Mr. McNinch indicated he did not believe Ms. McNinch understood EPP, but the Company believes Ms. McNinch did understand EPP based on the previously recorded call. Ms. McNinch is the customer of record and Mr. McNinch is not listed on the account. Additionally, if Ms. McNinch, our customer of record, disputed being set up on EPP, or if she did not understand it, it is the Company’s position that Ms. McNinch had both ample information and the

opportunity to contact the Company and raise this issue well before the end of the EPP year and settle up month. Each monthly bill showed her actual usage and the status of EPP.

**Q. DOES THE COMPANY REQUIRE SIGNED AGREEMENTS FOR RESIDENTIAL SERVICE OR FOR SERVICE ON THE EPP PROGRAM?**

A. No. The Company's Service Regulations Leaf A provides that agreements for residential service may be verbal. Yarbrough Exhibit 5. This includes the actual request for service, optional programs such as Power Manager, EPP, PaCE, as well as deferred payment plans. The Company does not require customer signatures.

**Q. WHAT EFFORTS HAS THE COMPANY MADE TO ASSIST THE MCNINCHES IN THIS MATTER?**

A. The Company's records show that on or about July 9, 2014, the customer contacted the ORS and the Company provided an explanation of the billing to ORS representatives and shared copies of the bills which show the account was on EPP and the amount used was more than the billing amount. After investigation by ORS, Ms. McNinch filed a formal complaint. The Company and ORS continued to try to work with the Ms. McNinch regarding a payment agreement, even after an agreement was worked out, and the customer had agreed to withdraw the complaint.

**Q. PLEASE DESCRIBE THOSE EFFORTS.**

A. Our records show that on July 15, 2014, ORS representative Takisha Anderson notified the customer that Duke Energy had made an offer to try to make the payments more manageable. The Company offered to accept \$350 on July 25, \$350 on August 8 and then \$100 plus the future bills for 12 months. This offer was contingent on Ms. McNinch

withdrawing the formal complaint at the Commission. The Company notes that although the Commission's Rule 103-352 only requires the Company to offer a payment plan of up to 6 months, Ms. McNinch was offered a 12 month agreement. On July 18, 2014, the customer replied to Ms. Anderson stating, "Our budget may allow us to pay \$300 first payment and the rest over 12 months along with monthly bill." The Company's records then show Ms. McNinch emailed Ms. Anderson on July 24, 2014, and made the following request, "Could Duke Energy arrange a \$500 payment on August 5, 2014, and then the remaining amount with the bill for 12 months?" The Company agreed to this payment plan which Ms. Anderson communicated to Ms. McNinch on July 25, 2014. The customer agreed to withdraw the complaint. The payment plan was entered into the Company's system, with the first payment of \$500 due on August 5, 2014, with the balance to be paid in installments of \$116.48 with future bills.

**Q. DID MS. MCNINCH MAKE THE INITIAL PAYMENT?**

A. No, on August 4, 2014, after receiving communication from the McNinches, Ms. Anderson notified Duke Energy Carolinas that the customer could only pay \$300, but could pay the remaining \$200 on August 11, 2014. The Company reluctantly agreed to this change. That payment was not made, and on August 7, 2014, the customer emailed Duke Energy Carolinas asking to delay the \$200 payment again until August 25, 2014. On August 11, 2014 the Company received another email requesting an extension until September 3, 2014 to make the \$200 payment. I spoke with Ms. McNinch by telephone on August 12, 2014 in an effort to encourage her to seek outside assistance for paying the bill. I even contacted the Department of Social Services on her behalf because Ms. McNinch had previously indicated her belief that local agencies did not have funds to

assist her. I contacted Carolina Community Action Agency and was informed that did have funds available. On August 13, 2014, I emailed the McNinches the agency's telephone number and also suggested contacting Salvation Army. I also suggested that other household members should be asked to assist. I requested that the McNinches contact agencies by Friday August 15, 2014. I received an email on August 15, 2014, from the McNinches indicating they had contacted Carolina Community Action, but that they did not have satisfactory identification for the agency to process an application and that it would cost \$30 to get a birth certificate. They did not indicate whether they contacted other suggested agencies. On August 19, 2014, I received an email indicating Mr. McNinch's father was very ill, and that they had made no further progress on the identification information required by the agency. On August 25, 2014, I received an email indicating that Mr. McNinch's father had died, the funeral had been held that day, and that the payment could be made by August 28, 2014. On August 26, 2014, I replied that we would expect the payment on August 28, 2014. I also encouraged them again to work on getting agency assistance. I received a reply again indicating the agency needed a birth certificate, but in this response, the McNinches alleged a birth certificate would cost "well over \$100" which they did not have. Then on August 28, 2014, I received an email that said "Please allow at least today or Fri. or Sat. or maybe Mon. to pay," but no payment was received. When it became clear that Ms. McNinch has rescinded the withdrawal of her complaint, the Company was contacted by the hearing examiner and asked if the Company intended to disconnect service. I responded that we had not scheduled a disconnect action, but pointed out that only a portion of the outstanding balance is in dispute; several hundred dollars in billings since the EPP account settle up

in May is owed. In response to that information, the McNinches responded to the Hearing Examiner in an email dated September 3, 2014, "I will pay the \$249.92 received in Aug. for July in a day or two" leaving the Company to understand that payment would be made by September 5, 2014. No payment was received. The Company's records show its patience with Ms. McNinch, having deferred collection on at least six occasions since July 2014. As of September 18, 2014, no payment has been received and another bill has been issued bringing the total outstanding balance to \$2154.97. A complete billing and payment history is attached as Yarbrough Confidential Exhibit 6. It shows that both prior to and after the EPP settle up, and since that time, Ms. McNinch has carried a past due balance every month. The continued promises to pay some amount on the bill have not been kept.

**Q. WITH RESPECT TO THE SET UP OF THE EPP PLAN, DOES THE COMPANY HAVE ANY EXPLANATION AS TO WHY THE SETTLE UP BILL WAS AS HIGH AS IT WAS?**

A. I performed an investigation to determine why the suggested EPP amount of \$121 was lower than the average usage. I first reviewed the previous history at the location which was the basis for EPP estimate. The previous tenant had been at the location for approximately three years with a very consistent usage pattern that led to the \$121 EPP estimate. Ms. McNinch, however, had much higher winter bills and somewhat higher summer bills than the previous tenant. This led me to consider space conditioning as the source of increased usage. Because there appeared to be gas service at the residence, I contacted the local gas company and was informed that the gas service had been disconnected prior to the McNinches moving in and had not been reconnected. I also

contacted the property owner to determine if he had changed the HVAC system to an electric heating source. He indicated that he had not, but understood that the McNinchs were using electric space heaters during the winter. He also indicated that the residence has an electric water heater. Later when speaking with Mrs. McNinch, she confirmed they did not have the gas service connected. The winter of 2013-2014 was extremely cold and the use of inefficient electric space heaters would have contributed to very high bills. The actual monthly bill amounts and the amount by which the usage exceeded the billing were clearly shown on each monthly bill.

**Q. ARE THE MCNINCHES STILL ON EPP?**

A. No. As indicated previously, Ms. McNinch asked to be removed from EPP after the June 2014 bill, but Ms. McNinch has not been paying the actual bills since the EPP settle up. There was a \$300 payment on August 5, 2014, which reduces the amount of the settle up to \$988.70, but Ms. McNinch has been billed for actual usage of over \$900 since June of 2014, and she has made no additional payments.

**Q. HAS DUKE ENERGY CAROLINAS COMPLIED WITH THE RULES AND REGULATIONS OF THE PUBLIC SERVICE COMMISSION IN THE HANDLING OF MCNINCHES' ELECTRIC ACCOUNT?**

A. Yes, and in fact, offering a 12 month agreement instead of a 6 month agreement exceeds the requirements in the rule. The Company also believes that if Ms. McNinch would make application to local agencies for assistance, there would be some monies available to her, but there is no evidence that she has taken satisfactory steps in that direction.

**Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

A. Yes, it does.